



Partnership to Cut Hunger and Poverty in Africa

Research-Based Advocacy for African Agricultural Development

Hunger, Poverty and Sustainable Development: The New Context of the Global Food Crisis

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Overview

- Introduction
- Agriculture is Pivotal in the Fight Against Hunger and Poverty
- A Disconnect Between Rising Policy-Level Support and Resource Allocation
- Responding to the Global Food Crisis
- Infrastructure, Agriculture and the MDGs

Introduction

- What is the Partnership to Cut Hunger and Poverty in Africa?
 - Independent US-African coalition
 - Founded 2001 by Presidents Konaré, Chissano, former USAID Administrator Peter McPherson, Lee Hamilton, Sen. Bob Dole, David Beckmann, others.
 - Research-based advocacy to increase investment in African agriculture, improve the effectiveness of related US policies and programs

1. Agriculture is pivotal in the fight against hunger and poverty

- Poverty and hunger are acute in SSA, conditions are worsening; chronic hunger and malnutrition largely caused by poverty
 - 40% live on < \$1/day, 1/3 lack food security
- No better way to have a major impact on poverty and hunger than by rapidly growing the rural economy
 - In Africa 2/3 of the population lives and works in rural areas, are ultimately dependent on agricultural productivity
 - Ag growth has large multiplier effects on the economy
 - Ag growth will reduce food prices (food = 70% of expenditures of the poor)

These realities triggered a global recommitment to eradicate poverty & hunger

- July 2003 – African heads of state
 - endorse Comprehensive African Agriculture Development Program developed by AU/NEPAD
 - pledge to allocate 10% of national budgets to agriculture
- UN makes eradication of extreme poverty and hunger the first Millennium Development Goal
 - calls for public investment in agricultural research, extension, and market infrastructure

2. But –up to now--a large gap between policy-level embrace of agriculture and actual investments

From World Development Report 2008:

- 75% of world's poor live in rural areas
- Sector receives 4% of Overseas Development Assistance (ODA)
- And 4% of African government expenditures

'Growing' imbalance in donor assistance

- Levels of growth-oriented donor assistance lagged badly behind increases in assistance for health, education
 - In 1980, 30% of annual WB lending went to ag projects, declining to 12% in 2007
 - US assistance for African ag grew by 2% 2000-2004, in decline since
- Ethiopia: US spends \$350 million/year on HIV-AIDS programs; \$800,000 on agriculture and economic growth
- OECD spending trends on agriculture, rural development worldwide similar

3. Responding to the Global Food Crisis

- Rising trend in int'l food prices
 - 181% rise in global wheat price Feb 05-Feb 08
 - Thai rice export prices increased \$365/ton to \$562/ton from Jan-March 2008
 - Increase in food prices is likely to last into the medium term – through 2015

What can gov'ts, int'l organizations do?

"Help governments respond in the short-term --to survive-- while defining priorities and increasing investment that will lead to medium and long-term supply increases." (African ambassador to the U.S.)

1. **Ensure household food security**
2. **Stimulate a medium-term food grain supply response**

Ensure household food security

- **Through targeted safety nets**
 - Targeted cash transfers to vulnerable groups (Ethiopia, Mozambique, South Africa)
 - Food for work (Madagascar)
 - Emergency food aid distribution
 - School feeding (Burkina Faso, Kenya, Mozambique)
- **By lowering domestic food prices**
 - Reduce tariff, taxes on key staples
 - Some have responded to political pressures to ban or tax grain exports
 - Limited impact on domestic price levels
 - Negative effect on earnings for domestic producers and exporters.
 - Can lead to sharp price fluctuations in countries that depend on imports
 - Time to reevaluate grain buffer stock policies?

Stimulate a medium-term food grain supply response

- Ensure short-run policy options do not limit scope for longer-term solutions
 - Controlling markets (mandated grain prices, export restrictions, forcible procurement, direct gov't involvement in marketing) are *likely to lower the food supply response over the medium term*
- Expanded investments in agriculture to raise productivity:
 - Support AU/NEPAD CAADP – coordinated regional and country-level agricultural development programs
 - Key elements of agricultural development (WDR 2008)
 - Improving producer incentives
 - Stronger institutions to support the rural investment climate, including rural finance and risk management, property rights, collective action
 - Ensure sustainable use of natural resources
 - Providing quality core public goods – science, human capital and **infrastructure**

4. Infrastructure, Agriculture and the MDGs

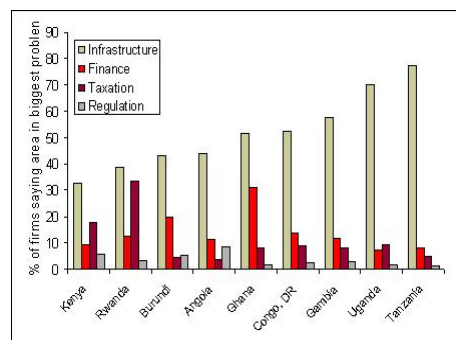
- During Asia and Latin America's Green Revolutions, much was achieved through improvements in farm-level productivity
- But SSA lacks much of the institutional capacity (research, training, governance, markets) and *physical infrastructure* (roads, other transport, irrigation, power) that helped make GR possible in other regions
- Infrastructure is central to agriculture's success: it helps foster access to inputs that enhance productivity and yields, get products to market, and add value to agricultural commodities
- China and India have cut rural poverty by investing in agriculture and infrastructure, especially rural roads. *Studies in Africa show the same potential.*

Africa's high cost infrastructure

| | SSA | Rest of World |
|--|-------------|---------------|
| Power tariffs (US\$ per kWh) | 0.10 - 0.30 | 0.05 - 0.10 |
| Road freight tariffs (US\$ per ton-km) | 0.05 - 0.25 | 0.01 - 0.04 |
| International phone call (US\$ per 3 min call to US) | 0.80 | 0.20 |
| Internet dial-up service (US\$ per month) | 50.00 | 15.00 – 25.00 |

Limits growth and competitiveness

- Business surveys consistently rank poor infrastructure as key constraint for firms
- Macro studies consistently find poor infrastructure to be a brake on economic growth

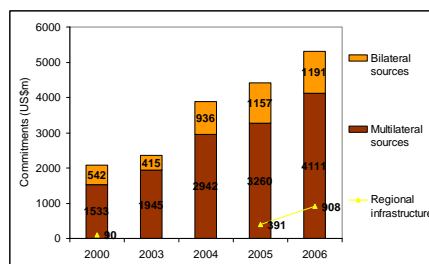


Source: WB

Infrastructure Cuts Across All 7 Millennium Development Goals

- Lack of *roads and transport* keeps children from school and families from clinics (MDGs 2,4,5,6)
- Lack of adequate *water and sanitation systems* causes disease and means households spend hours a day hauling water (MDGs 2,3,6,7)
- Lack of *rural electrification* impairs operation of clinics and schools (MDGs 2,4,5,6)
- The burdens fall disproportionately on women and children, whose needs are central to MDGs

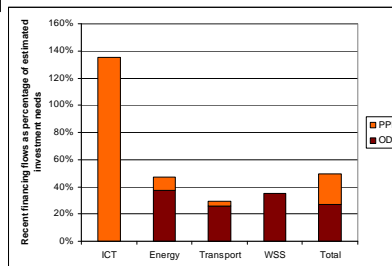
Closing the financing gap

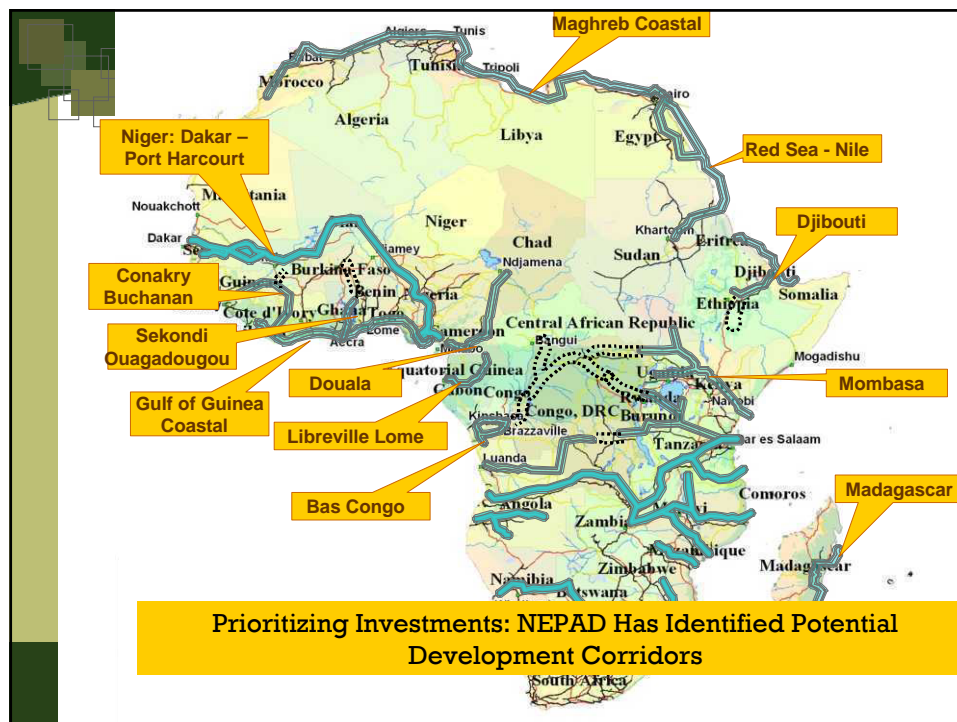


ODA has increased by 20% since 2005. Yet, major funding gaps remain in all infrastructure sectors but ICT, even when private sector finance is included.

Financing gap: \$6.5 billion annually, construction only

US spends \$110 billion annually to build and maintain its own roads!





Development Corridors Can

- Prioritize investments based on sound economics
- Synchronise private & public sector investment
- Promote regional economic integration
- Link rural communities to markets
- Promote deepening and densification



Thank you!